

## Federal Housing Finance Board

## § 951.3

(b) That Bank's pro rata share of an aggregate of \$100 million to be contributed in total by the Banks, such proration being made on the basis of the net earnings of the Banks for the previous year.

### § 951.3 Operation of Program and adoption of AHP implementation plan.

(a) *Allocation of AHP contributions*—(1) *Homeownership set-aside programs*. Each Bank, after consultation with its Advisory Council, may set aside annually, in the aggregate, up to the greater of \$3.0 million or 25 percent of its annual required AHP contribution to provide funds to members participating in the Bank's homeownership set-aside programs, pursuant to the requirements of this part. In cases where the amount of homeownership set-aside funds applied for by members in a given year exceeds the amount available for that year, a Bank may allocate up to the greater of \$3.0 million or 25 percent of its annual required AHP contribution for the subsequent year to the current year's homeownership set-aside programs pursuant to written policies adopted by the Bank's board of directors. Beginning in 2002 and for subsequent years, the maximum dollar limits set forth in this paragraph shall be adjusted annually by the Finance Board to reflect any percentage increase in the preceding year's Consumer Price Index (CPI) for all urban consumers, as published by the Department of Labor. Each year, as soon as practicable after the publication of the previous year's CPI, the Finance Board shall publish notice by FEDERAL REGISTER, distribution of a memorandum, or otherwise, of the CPI-adjusted limits on the maximum set-aside dollar amount. A Bank may establish one or more homeownership set-aside programs pursuant to written policies adopted by the Bank's board of directors. A Bank's board of directors shall not delegate to Bank officers or other Bank employees the responsibility for adopting such policies.

(2) *Competitive application program*. That portion of a Bank's required annual AHP contribution that is not set aside to fund homeownership set-aside programs shall be provided to members through a competitive application pro-

gram, pursuant to the requirements of this part.

(b) *AHP implementation plan*—(1) *Adoption of plan*. Each Bank's board of directors shall adopt a written AHP implementation plan which shall set forth:

(i) The applicable median income standard or standards, adopted by the Bank consistent with the definition of *median income for the area* in § 951.1;

(ii) The requirements for any homeownership set-aside programs adopted by the Bank pursuant to paragraph (a)(1) of this section;

(iii) The Bank's project feasibility guidelines, adopted consistent with § 951.5(b)(2);

(iv) The Bank's schedule for AHP funding periods;

(v) Any additional District eligibility requirement, adopted by the Bank pursuant to § 951.5(b)(10);

(vi) The Bank's scoring guidelines, adopted by the Bank consistent with § 951.6(b)(4);

(vii) The Bank's time limits on use of AHP subsidies and procedures for verifying compliance upon disbursement of AHP subsidies pursuant to § 951.8; and

(viii) The Bank's procedures for carrying out its monitoring obligations under §§ 951.10(c) and 951.11.

(2) *No delegation*. A Bank's board of directors shall not delegate to Bank officers or other Bank employees the responsibility for adopting the AHP implementation plan, or any subsequent amendments thereto.

(3) *Advisory Council review*. Prior to adoption of the Bank's AHP implementation plan, and any subsequent amendments thereto, the Bank shall provide its Advisory Council an opportunity to review the plan and any subsequent amendments, and the Advisory Council shall provide its recommendations to the Bank's board of directors.

(4) *Submission of plan amendments to the Finance Board*. A Bank shall submit any amendments of its AHP implementation plan to the Finance Board within 30 days after the date the Bank's board of directors approves such amendments.

(5) *Public Access*. A Bank's initial AHP implementation plan, and any subsequent amendments, shall be made

available to members of the public, upon request.

(c) *Conflicts of interest*—(1) *Bank directors and employees*. Each Bank's board of directors shall adopt a written policy providing that if a Bank director or employee, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, a project that is the subject of a pending or approved AHP application, the Bank director or employee shall not participate in or attempt to influence decisions by the Bank regarding the evaluation, approval, funding, monitoring or any remedial process for such project.

(2) *Advisory Council members*. Each Bank's board of directors shall adopt a written policy providing that if an Advisory Council member, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, a project that is the subject of a pending or approved AHP application, the Advisory Council member shall not participate in or attempt to influence decisions by the Bank regarding the approval for such project.

(3) *No delegation*. A Bank's board of directors shall not delegate to Bank officers or other Bank employees the responsibility to adopt conflicts of interest policies.

(d) *Reporting*. Each Bank shall provide such reports and documentation concerning its Program as the Finance Board may request from time to time.

(The Office of Management and Budget has approved the information collection contained in this section and assigned control number 3069-0006 with an expiration date of June 30, 2004)

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#### § 951.4 Advisory Councils.

(a) *In general*. Each Bank's board of directors shall appoint an Advisory Council of from 7 to 15 persons who reside in the Bank's District and are drawn from community and not-for-profit organizations actively involved in providing or promoting low- and moderate-income housing and community and not-for-profit organizations

actively involved in providing or promoting community lending, in the District.

(b) *Nominations and appointments*. Each Bank shall solicit nominations for membership on the Advisory Council from community and not-for-profit organizations pursuant to a nomination process that is as broad and as participatory as possible, allowing sufficient time for responses. The Bank's board of directors shall appoint Advisory Council members giving consideration to the size of the Bank's District and the diversity of low- and moderate-income housing and community lending needs and activities within the District.

(c) *Diversity of membership*. In appointing the Advisory Council, a Bank's board of directors shall ensure that the membership includes persons drawn from a diverse range of organizations, provided that representatives of no one group shall constitute an undue proportion of the membership of the Advisory Council.

(d) *Terms of Advisory Council members*. Advisory Council members shall be appointed by the Bank's board of directors to serve for terms of three years, and such terms shall be staggered to provide continuity in experience and service to the Advisory Council. An Advisory Council member appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office. No Advisory Council member may be appointed to serve for more than three consecutive terms. Appointments for the unexpired term of a predecessor shall not count toward the three-term limit.

(e) *Election of officers*. Each Advisory Council may elect from among its members a chairperson, a vice chairperson, and any other officers the Advisory Council deems appropriate.

(f) *Duties*—(1) *Meetings with the Banks*. Representatives of the board of directors of the Bank shall meet with the Advisory Council at least quarterly to obtain the Advisory Council's advice on ways in which the Bank can better carry out its housing finance and community lending mission, including, but not limited to, advice on the low- and moderate-income housing and community lending programs and needs in the